

Minutes of a Special Joint Meeting of the Senate Committee on Water, Water Conservation and Flood Control and House Committee on Irrigation and Water Conservation Held at Room 408 on January 11, 1951 at 2:45 o'clock P.M.

Chairman Balgord called the meeting to order and the secretary called the roll. Seven members of the senate committee answered present and fifteen house members.

The chairman explained that the purpose of the meeting was to consider Senate Bill No. 9 and to hear Mr. Kinsey, Mr. Robinson, President of the Washington Water Power Company, explain its purpose. The meeting was open to other interested persons.

Chairman Balgord presented Senator Larson of Sanders County, who had introduced Senate Bill No. 9, and asked him to read and explain the purpose of the bill, the title of which is as follows:

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE IMPOUNDING AND RESTRAINING WITHIN THE STATE OF MONTANA THE WATERS OF THE CLARK FORK RIVER FOR A DISTANCE NOT EXCEEDING TWENTY-FIVE MILES FROM THE IDAHO-MONTANA BOUNDARY LINE, BY A DAM OR DAMS LOCATED ON SAID RIVER IN THE STATE OF IDAHO, AND CONSTRUCTED BY ANY PERSON, FIRM, PARTNERSHIP OR CORPORATION AUTHORIZED TO DO BUSINESS IN THE STATE OF MONTANA, AND PROVIDING THAT THIS ACT SHALL TAKE EFFECT UPON ITS PASSAGE AND APPROVAL."

In connection therewith, Senator Larson read from a copy the Proceedings of the Board of County Commissioners of Sanders County, Montana, dated Thursday, December 21, 1950, as follows:

"The Board of County Commissioners met in special session on Thursday, December 21, 1950, at 10:00 o'clock a.m. Present were M.C. Sutherland, Chairman, Ed Hazelton and H. E. Smith, Commissioners, and Dorothy Dodson, Clerk.

"Mr. J. B. Lindsey, Secretary of the Washington Water Power Company, and James L. Irwin, Right-of-Way Agent of the Washington Water Power Company, met with the Board of County Commissioners in regard to settling the objections voiced by Sanders County to the building of the dam by the Washington Water Power Company in the Cabinet Gorge in Bonner County, Idaho.

"After discussion, it was agreed by and between the Board of County Commissioners and the representatives of the Washington Water Power Company as follows:

"1. The Washington Water Power Company agrees to pay taxes on all lands in Sanders County which will be flooded by the reservoir of said dam. It is agreed by the power company that they will report the acquisition cost of the lands to be flooded in Sanders County to the Assessor of said County and that the acquisition cost may be used by the Assessor as the basis for determining the full value of said land for tax purposes.

"2. The Washington Water Power Company agrees to pay any additional costs incurred in building the county bridge near Heron, Montana, which additional cost is occasioned by the building of the dam in the Cabinet Gorge.

"3. The Washington Water Power Company agrees to pay any additional expense caused by an increase in transportation costs and/or educational facilities (exclusive of buildings) costs which may be occasioned by the influx of the families of workers on the dam; this cost to be borne only during the construction period of said dam.

"4. The Washington Water Power Company will confirm this agreement by letter signed by the president or vice-president of said company."

Senator Larson continued with reading from the letter of the Washington Water Power Company to the Board of County Commissioners of Sanders County, Montana, as follows:

"Spokane, Washington, December 26, 1950. This morning Mr. J. B. Lindsay, Secretary of the Company, has reported on the meeting which he and Mr. J. L. Irwin held with your Honorable, The Board of County Commissioners at Thompson Falls on December 21, 1950. They brought back a copy of the resolution passed at said meeting.

"This resolution is as was read in paragraphs 1, 2, 3, 4, of the above written Proceedings of the Board of County Commissioners, with the

"That upon receipt of the letter of confirmation of the above agreement from the Washington Water Power Company, the Board of County Commissioners of Sanders County, Montana, agree to notify the Federal Power Commission that the objections voiced in the telegram dated December 5, 1950, signed by the Board of County Commissioners, have been satisfactorily settled and the Commissioners withdraw their objections to the issuance of the license to build said dam.

"This letter is written for the purpose of formally letting you know that the Washington Water Power Company does hereby approve and confirm said agreement as set forth in the above resolution.

"It is also our understanding that you will immediately send a telegram to the Federal Power Commission at Washington, D. C., and at the same time mail to us a copy of said telegram.

"In closing this letter we want you to know that we appreciate very much your kindness in calling the special meeting and thereby helping us to keep our plans on the necessary schedule.

"(Signed) K. M. Robinson, President."

These letters were filed with the Senate Committee.

Senator Larson, after reading the bill and the letters, recalled to those present that in 1921 a statute was enacted which states that: "None of the waters in the state of Montana shall ever be appropriated, diverted, impounded, or otherwise restrained or controlled while within the state for use outside the boundaries thereof, except pursuant to a petition to and an act of the legislative assembly of the state of Montana permitting such action." He concluded with the remark that the Washington Water Power Company has discussed with the County Commissioners the various things which would cost the County of Sanders additional money, summarizing three things: 1. acquisition cost of land to be flooded which would ordinarily be taken from the tax roll, 2. construction of the bridge for which the county has recently been bonded, 2. that the Washington Water Power Company has agreed that all lands acquired will be put on the tax roll at the cost to them. They agree to pay the cost of the longer bridge and also any costs appertaining to certain school problems.

Senator Larson then introduced Mr. Kinsey M. Robinson, president of the Washington Water Power Company. Mr. Robinson stated that he has lived for many years, and now lives, in the Northwest and is well acquainted with problems of conservation of water. He feels that the proper way to present the company's side of the matter is to come before you legislators and all interested persons and lay the problem before you and to ask for approval of the bill so as to enable them to go ahead with the dam.

The purpose of the bill, as perhaps most of you know, is to allow the Washington Water Power Company, by means of a dam built in the Cabinet Gorge in Bonner County, Idaho, to restrain and impound the waters of the Clark Fork River in Montana.

In 1938, at the time the dam and power plant at Bonneville were built by the Army Engineers, the plant built by the Washington Water Power Company in 1928 carried the load through 1940 - 1941. Since then our company has been a substantial customer of the Bonneville Company. Five states of the Northwest -- Washington, Oregon, Idaho, Utah and Montana -- have formed a pool and all energy flows into one pool, and up until war time came along, there was plenty of power. As war industries were brought into the picture, there was a lessening of available power.

Mr. Robinson said it takes 10 kilowatt hours of electricity to make one pound of aluminum. All the utilities, including Bonneville Power Administration, looked forward to a surplus of about 500,000 kilowatts of power after the war. Aluminum became so popular as a construction material, particularly during the war, that it was only about six months after the war that several plants were reopened. As a result, since these plants came back into operation, there has been a power shortage, but we have been able to get by with only minor curtailments. This shortage began west of the Montana line and takes in all of the northern and southern parts of Washington and northern part of Oregon.

The latter part of August, 1950, a power consultant of the National Security Resources Board in Washington, D. C. was sent to the Northwest and he asked for a meeting with the public and private utilities which are in the western half of the pool. He gave an outline of the requirements in the Northwest during this period.

He suggested that none of us were very patriotic unless we looked over the surrounding territory to see if there were a feasible location for building dams. Mr. Robinson further stated that it will take from five to seven years to complete the McNary and Chief Joseph dams. Hungry Horse is getting along well and should be completed in 1954 or 1955. On the Clark Fork, both the Montana engineers and our own, looked over the field preliminary to making application to the Power Commission for a license. We filed a much briefer license application than under normal circumstances would be necessary and a few days ago the license was granted. Under ordinary conditions, it takes about a year to file for a license. The Federal Power Commission has issued a license for the plant in the State of Idaho. This plant will finally have four 50,000 kilowatt generators. The license requires that the dam be under construction not later than March 1 of this year and three units in service by December 31, 1952. Mr. Robinson said they made application on September 11th and ordered the water wheels on September 11th and on September 13th the generators. Early delivery is guaranteed on much of the machinery if we finally build the dam. We intend to build most of it in only the low water season of the year. We have to be ready to give the specifications on February 1st but we can only do so if we get permission from this Legislature. The cost will be approximately \$35,000,000. Other agencies, the Department of Interior, the Army Engineers and the Reclamation Service, were given a copy of the application and are required under the law to give their requirements. We will have to reimburse the government for any money it has spent. We don't like that because we think we have already paid for it. The Spokane-Hot Springs line comes within a mile of this dam site. We will take care of the taxes on the land and of the school children, that is, additional increase in transportation costs and educational facilities which may be caused by the influx of families of workers on the dam. This agreement requires a longer bridge and we will take care of the extra cost of that. The backwater will not affect the town of Noxon except for some property lying near the railroad. With the maximum of the 1894 flood estimated at 195,000 second feet, we do not expect any trouble in the town of Noxon. Very little farm land will be flooded--152 acres is all that can be determined. The surface area of the reservoir will be about 2,700 acres, about 1,500 more acres than are now flooded, - only about a 10 foot change from a full reservoir to as low as we will draw it down. In our license, there is a provision that as far as the fish problem is concerned, we will have to work out a plan with the fish people.

Albeni Falls, at the other end of Lake Pend O'Reille, is now being built. We would build the plant here in Montana if feasible, --but it is not because of the rock formation. Before getting to Montana there is only glacial moraine and there is a question whether we can hold that water in the reservoir.

We ask for early consideration on this matter because we can not firm up these orders if we do not get your permission before February 1st. They ask for the earliest date that authorization can be given now that we have the license. Cabinet Gorge project is particularly of interest in the National Defense Project program.

Here is how this thing works: Today you have the Harvey Machine Company (the aluminum plant near Kalispell) coming in with a pot line, and also the Victor Chemical Company coming in because of the availability of power from the Montana Power Company and the Bonneville Power Company. In the drouth years of 1936 and 1937 in Montana, we furnished power to the Montana Power Company. At the present time we are buying power from the Montana Power Company. Today Montana Power Company and ourselves have two 110,000 volt lines tying the two together, from which lines power can be kept flowing interchangeably.

Mr. Robinson expressed his appreciation for the time granted him to explain these matters.

Senator Balgord then stated that any one wanting to ask questions of the speaker would now be in order.

Senator Wilson: "What will be the amount that your company will invest in Montana property--what would it be on our Montana tax list?" Mr. Robinson stated that he could not say what amount they will have to pay for the land to be flooded.

Senator Wilson: "Did I understand you to say that about 3,000 acres will be flooded?" Mr. Robinson stated that about 1,500 acres not flooded in high water will be flooded by the dam.

Mr. Wilson: "Will the company pay more than \$50.00 an acre? Also, will you have more than \$100,000 taxable property in Montana?" To which Mr. Robinson replied that they have made no endeavor to take over more than one or two pieces of property.

Mr. Wilson then asked if the dam and the line to Spokane would cost about \$35,000,000. Mr. Robinson said yes and that this is a logical location - the only place where you could get much power within a short time -- we have agreed that we will place this power in the pool. We have to provide the money by selling bonds to finance it -- if we cannot do this we cannot finance the system. The Harvey Machine Company and the Victor Chemical Company can buy from the Montana Power Company. We have to operate as a private organization as against the federal government. We start paying interest the day we get the agreement; if we do not, there will be a damage suit probably.

Mr. Wilson: "It looks like if we furnished all the water, it is not equitable that we get nothing in return." He said the trouble with the whole matter is that the Hungry Horse is not an annual storage reservoir -- means that in a normal water year water will be stored there and not released for power purposes; in a bad year, water will have to be released for Bonneville and other dams down stream. He wanted to know if it tied anything down in the State of Montana itself. Mr. Robinson replied that power goes to Spokane from this power line.

Mr. Wilson then asked what assurance we have other than the conversation we have here for the State of Montana to have any power released. Mr. Wilson said that apparently all we are doing is holding the sack. Mr. Robinson did not think so because they are going to take care of Montana industry. Mr. Wilson said much has been said as to whether there is assurance in the protection for Montana. He believes there should be something more than conversation - that Montana has rights, --assurance that something is tied down for the future for this state.

Mr. Rice: "Should not the Bonneville Power Company be here to assure us of some protection to Montana - something to tie down the power generated in this state for this state?"

Mr. Robinson stated that once the plant is built there will be a surplus of power for Montana as well as the others. How much power is going to come to Montana in this defense period depends on you. We cannot guarantee to allocate a part of this power to Montana.

Mr. Wilson then said: "At the present time the only use you, the Washington Water Power Company, have for it is outside of Montana." Mr. Robinson said he does not see how you would dispose of this power in Montana. If the Bureau of Reclamation or the Army Engineers would build this dam they would not pay anything in lieu of the rights and privileges they took over.

Mr. Blikken: "We may be just as short of power ten years from today as now. You indicate that in ten years from now nobody knows how far this electric power will go."

Mr. Robinson: "About three million kilowatts would be coming in during the present year if the dam is built. Much would depend on the period of time it takes to construct the dams."

Mr. Seifert: "How far from Montana is the proposed dam to be erected?" To which the reply was made: "Just one-fourth mile."

Senator Belgord: "This dam will be built in Idaho, will it not?" Answered: "Yes."

Representative Peters asked if all of the people involved in this land that is going to be flooded by the dam have given their consent to its building. Senator Larson said some of them had.

Mr. Robinson: "We don't know that; we have not talked with them and shall not until after we have been authorized to go ahead."

Mr. James, an interested visitor: "Regarding the tax situation - about Montana taking all the inconvenience and the taxes going to Idaho, is it possible that a pool such as this be assessed as a unit? It does sound equitable."

Senator Parriott: "What is the character of this land?"

Mr. Robinson: "152 acres are classified as farm and pasture land; there is no wheat in the whole area." He then went on to say that the whole glacial moraine runs down a narrow gorge two miles wide and 1,000 feet deep.

Senator Ross: "Has the Federal Power Commission made an estimate of the cost of the construction of the dam?"

Mr. Robinson: "The Bureau of Reclamation estimated the cost would be at a slightly lower figure than the Army Engineers."

Senator Balgord: "Can you tell us what the estimate of the Army Engineers is?"

Mr. Robinson: "The Army Engineers estimated the cost at \$75,000,000."

Mr. Wilson: "Did they build up greater height?" Mr. Robinson answered: "No. The spillway section costs \$15,000,000." He further stated they cannot build the power house in the dam because the walls of the canyon are so close together. The power house will probably be on down stream on the north side about 400 feet; that the ground must be broken up and the work all done before spring of 1952.

Senator \_\_\_\_\_: "I understand there will be no spillway; surplus water will go from the gates at the top of the dam on the 2,175 foot elevation. What is actual recorded feet?"

Mr. Robinson: "It is 153,000 second feet per hour. In 1894 the flood estimate was at 195,000 second feet per hour."

Senator Manning: "I was just wondering where Montana is pointing. We can see from your talk that the power is more or less pooled into the group. When further development comes, what is the boundary of the group we might finally be destined to be in?"

Mr. Robinson: "Unless the federal government goes along with us it is pretty well established that the five states - Montana, Idaho, Washington, Oregon and Utah -- will make up the pool. It is actually true that power might be flowing to the west at four o'clock and at five o'clock all come east. There is a very high diversity. When we reach the shortest period in winter, we take over complete control and carry the load for 24 hours."

Senator Manning: "What is the feasible boundary within the five states?"

Mr. Robinson: "If there was a plant in Eastern Montana or Western North Dakota you might be able to extend power out there. I doubt if you could go much farther for there is a definite limit to which you can directly transfer power. We can buy power from Salt Lake. Today with pooled power as it is, we make 600,000 kilowatts more than we otherwise would. We cannot get much farther and employ the diversities. Much depends on tie-up line, capacity, conditions, etc., so I don't believe anyone can tell you where your boundaries are to be. One more thing: we cannot go ahead with this project unless we get this Montana law. First, we would not attempt to do it because of financial difficulties entailed; second, we have firm up orders by February 1st or it means it would have to go another year and we would lose our license unless we are under construction by March 1st; third, three units must be ready for service by 1952."

Senator Wilson: "I suggest that you try to get in touch with the Idaho Legislature as closely as you have with us. I am willing, and think every person here is to pool all revenue we get from taxes."

Mr. Robinson: "I think it is unconstitutional; they could not split taxes with Montana and Idaho."

Mr. Ted Collins (Collins Land Company): "I would like to submit for your consideration my idea on the matter. This entire water supply which is going to furnish you with power has to be accomplished with Montana water. Would it be with your approval that some sort of royalty provision is made whereby you would pay some certain percentage for the power generated?"

Mr. Robinson: "We would not want to go ahead with the plant under such conditions."

Mr. Collins: "I think it would be a good thing to get the matter on some such sort of basis -- some royalty rights."

Mr. Robinson: "I do not see how it could be done. If downstream operators start paying the up-stream states, I don't know where it is going to go to."

Mr. Collins: "The water is lost to Montana as things are now."

Mr. Robinson: "Yes, the water is going to waste there. The thing we ought to do if there is a chance to do it, is to build on the north side. I would certainly like to see Washington Water Power build on the Noxon side. If there is any chance of doing it, now is the time. If there is any dam site there, I would like to see Washington Water Power Company do it; then we would have something for which to pay Montana taxes. I am sorry this is not where we could put half in Montana and half in Idaho but there is no possibility of that. If this is not carried through,

some day the Bureau of Reclamation will come along and build and there will be no payments whatever made to the state nor anything else. But we would not think of building this project if it were not for defense purposes."

Senator Ettien asked if several years ago production was full when Grand Coulee went into effect. "I have read that the power service is one and a fraction of one percent. You mention that the power company is going to tie in with California companies. We would like to have some guarantee that at some time in the future, if we have to buy all the power we need, that we should have a whack at the power pool."

Mr. Robinson: "I would not know. If we allocated ten percent of the power to Montana, where would it be sold? The Montana Power Company would not buy it, Victor Chemical could not buy it. Further, if the government goes ahead with Hell's Canyon dam, Idaho will object unless 500,000 kilowatts is allocated to it. To get a fair allocation of total kilowatt power in the state, 110,000 kilowatts is hardly a drop in the bucket. It is not too early for any up-river states to make a demand on Congress for allocation of power. It is necessary for a private company to finance any project. We cannot do that if there is going to be an allocation of that power, but with the building of this dam, an equivalent amount of power will be released to Bonneville. This is the only plant that can be built in 1952. If there is a release of power to Bonneville, then they could allocate a fair share of power to Montana."

Senator Ettien then asked if the four generators are the maximum number to be built. The answer was that three are to be built by December 31, 1952 and the fourth generator about two months behind the others.

Senator \_\_\_\_\_: "Do I understand correctly when you say that in assuming that the effect of the completion of Hungry Horse, that is, when it gets to operating to full capacity, that it will increase the capacity of one of those generators 33%?" Mr. Robinson replied: "No. It will not be increased by one-third or anywhere near that."

Senator Parriott asked if a series of dams would increase the Washington Water Power Company power.

Senator Balgord asked if there is any possibility of irrigating any land from this dam.

Mr. Fred Buck stated that some of the land near the benches in the river bottom where water could be pumped in. That is the only way you could do it.

Senator Balgord asked if it might be an expensive job, to which Mr. Buck replied that it would not be expensive to do it - it would depend on power cost, etc.

A telegram received at this time was requested by the chairman to be read by Senator Larson. It follows:

"Senator O. P. Balgord, State Capitol, Helena, Mont.

"Defense power administration certified to the federal power commission that early construction of the Cabinet Gorge project on the Clark Fork River by Washington Water Power Company is necessary for the national defense to assist in relieving critical power shortage in Pacific Northwest. Federal power commission has issued license to Washington Water Power Company requiring that work begin not later than March one, 1951, and that the first three units of the project be completed by December 31, 1952. Urgently recommend that the State of Montana properly take any necessary actions to enable construction of the Cabinet Gorge project to proceed at earliest possible date in the interest of the national program."

"C. B. McManus Administrator Defense Power Administration."

Senator Toman asked for information.

Mr. Robinson: "If you can see your way to give us authority to go ahead with this legislation, we will do any and every thing we can to make a tremendously greater transfer of power capacity and will not leave Montana out of power to take care of Idaho and Washington."

Senator Balgord then stated that the State made a precedent when we make an agreement like this as we have never given away any of our Montana water.

Mr. Robinson said that the water flows right back into the same river channel within a short distance from where we get it.

Senator Wilson said he had been there a good many times and that it is hard for him to believe that it is impossible to build a dam there. To this Mr. Robinson replied that it is not impossible but the cost is too great to make it feasible because there is such a low head. Mr. Wilson stated that if the government builds it they build for all time to come. We fritter away the birthright of a great many not yet born. I think in the long run, the public would have much more benefit.

Mr. Robinson said he thought there was no reason that the Federal government should not allocate you a certain amount of power.

Mr. Wilson said he thought if we do have the natural resources, when plants are built we will still have our chance to build industries, etc. if Washington Water Power Company can not allocate any of this power to them. The power will be released to the states. The Washington Water Power Company only buys Montana power when and if they have it and we need it.

Mr. Robinson said: "If there is a shortage of power in this district, Bonneville has 270,000 kilowatts of customers today that are interruptible who can be cut off if necessary."

Mr. Wilson asked what would have the preference over an aluminum plant at the present time. Mr. Robinson said that copper and zinc would have preference.

Mr. Robinson stated the only places would be lead, zinc, copper, etc. are the ones we get. The federal government will allocate those interests to whatever place has power to be made available. By the end of 1952 Bonneville will be able to transfer power to any point in Montana where power is required.

Senator Ettien said he believed Washington P. U. D. might buy them out. Mr. Robinson said P. U. D. has bought only small portions of that system, the major part of the system is still theirs.

Upon motion to adjourn, duly seconded and carried, the meeting adjourned.

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Chairman

Attest:

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Secretary